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ORDER 2000-11-25

Served: November 24, 2000



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20590**

Issued by the Department of Transportation
on the 24th Day of November, 2000

In the matter of

Aero Continente Chile
LADECO, S.A.
Lan Chile
Air New Zealand
Ansett New Zealand
Singapore Airlines
Royal Brunei Airlines

Foreign air carrier permits and exemptions
Under 49 U.S.C. 41301 and 40109

Docket OST-2000-8393 — 1

ORDER TO SHOW CAUSE

Summary

By this order we tentatively find that it is in the public interest to amend the foreign air carrier permits, or if no permits are held, the exemption authorities of the foreign air carriers listed above to add a condition requiring them to inform the Department, at least 30 days in advance, of any proposed change in excess of five percent of the ownership of their voting stock.

Discussion

On November 15, 2000, the United States concluded negotiations with Brunei, Chile, New Zealand and Singapore on a multilateral air transport services agreement. The new agreement provides that airlines designated to conduct international air transport services under the Agreement must be effectively controlled by the designating Party, its nationals or both. The new agreement also states that a Party need not accept a designation if substantial ownership of the designated carrier is vested in nationals of the Party receiving the designation.

At present, the Department has no means in place to ascertain changes in control or degree of U.S. ownership of any of the airlines designated by these four countries. Therefore, in order to give effect to this new provision, we tentatively

find and conclude that the public interest requires us to amend the permits, or if no permits are held, the exemption authorities of these carriers¹ to require them to submit this information to the Department. Specifically, we propose that these carriers file a report with the Director, Office of International Aviation, at least 30 days prior to any proposed change of ownership in excess of five percent of their voting stock. Separately, we will require each of these foreign air carriers to file in this docket the date on which its country has begun to apply the terms of the agreement with respect to the United States, whether on a provisional basis upon signature, or upon entry into force of the agreement. The condition will be effective as of the date that its home country begins to apply the agreement with respect to the United States.

ACCORDINGLY,

1. We direct all interested persons to show cause why the tentative decision set forth above should not be made final;
2. Any interested person objecting to the issuance of an order making final our tentative findings and conclusions shall, no later than seven (7) calendar days after the date of service of this order, file with the Department and serve on the persons named and referred to in ordering paragraph 5 below, a statement of objections;
3. Answers to objections shall be due three (3) calendar days after the objections are due;
4. In the event no objections are filed, all further procedural steps shall be deemed waived and the Department may enter an order which shall (subject to Presidential review under section 41307 of Title 49 of the U.S. Code, as appropriate) make final our tentative findings and conclusions set forth in this order; and
5. We will serve a copy of this order on the foreign air carriers listed in the Appendix to this order; the embassies of the homelands of these carriers in Washington, D.C. and the Department of State.

By:

Francisco J. Sanchez
Assistant Secretary for Aviation and International Affairs

(SEAL)

An electronic version of this document is available on the World Wide Web at:
<http://www.dms.dot.gov/general/orders/aviation.asp>

¹ See the Appendix for the specific authorities we are amending.

APPENDIX

Current Department authority which we propose to amend by this proceeding:

Areo Continente Chile Notice of Action Taken issued September 18, 2000, in Docket OST 2000-7747 (exemption)

LADECO, S.A. Notice of Action Taken issued November 30, 1999, in Docket OST 1999-6494 (exemption)

Lan Chile, S.A. Order 87-8-55 (permit)

Air New Zealand Order 90-10-50 (permit)

Ansett New Zealand Order 90-5-5 (exemption)

Singapore Airlines Order 97-12-26 (permit)

Royal Brunei Airlines Order 96-6-14 (exemption)